

Summary of Stakeholder Meeting Notes

Federated Retirement Board, February 14, 2008, 10:30 AM

Purpose of Stakeholder Feedback Sessions

The San Jose City Council has authorized the Stakeholder Feedback Process to:

- Provide information about the new GASB (Government Accounting Standard Board) requirements and current/future retiree health cost liabilities, and to
- Solicit ideas from stakeholders about how to respond to the new GASB requirements and how best to pay for and manage future retiree health care costs.

Guiding Principles Offered by Stakeholders

The following are Stakeholders' points of guidance for the decision-making process related to GASB requirements and the City's/employees' current and future retiree health care obligations:

- This is a recurring issue that has been discussed in the past without any resolution.
- If healthcare benefits are to change in the future due to GASB requirements, retiree benefits should remain the same. Whatever the solutions may be, do not make changes that may produce additional expenses for retirees.
- The most vulnerable individuals (retirees) are the least represented.
- Make sure that all stakeholder groups are informed of meetings/resources with sufficient time to make arrangements to attend meetings or read over pertinent information on the topic. Location and timing of meetings should be varied in order to accommodate stakeholders who work at different locations and on different shifts.
- The public and media need to understand that employees are contributing as much as the City of San Jose for retiree healthcare benefits. This is a rare arrangement among public sector employers that should not be understated. Employees have been contributing to retirement benefits since their first day of employment!

Possible Actions and Ideas Suggested by Stakeholders

The following are Stakeholders' suggestions and ideas about how to respond to GASB requirements and to pay for/manage current and future retiree health care obligations:

- Focus on funds. One route is to change existing benefits plans, but looking into the 401h fund and other vesting vehicles may be more advantageous.
- Take Medicare Part B premium costs into consideration. Retirees are now subject to out of pocket healthcare costs that they were not expecting (or saving for) at the time of their retirement. As part of the education about retiree health, prospective retirees need to know they have to pay for the cost of Medicare Part B and that cost goes up every year.
- While it is essential to manage healthcare costs, reducing the need for healthcare overall could create large savings long-term. Because we as individuals create (for the most part) our own healthcare problems through behavioral decisions, we should focus on risk-reduction programs. The implementation and dedicated ownership of wellness strategies could lower premiums within a few years as our healthcare providers realize the populations reduced health risks.
- Education is extremely important when it comes to the proper utilization of healthcare benefits. For example, there are individuals who go to the emergency room as opposed to visiting their regular doctor to avoid wait times. Retirees and employees should consume healthcare in an educated way and for the proper reasons. Healthcare providers have educational tools available to help patients learn about their symptoms and how to react, whether it is to stay at home, visit the doctor, or go to the emergency room.
- Consider the possibility of national healthcare. Deferring funds into a VEBA or other trust for retiree healthcare may be a dire decision if national healthcare benefits become available in the future.
- Set a retirement cut-off date, at least 2-3yrs in advance, in which individuals who retire after this given date will no longer receive the current benefits that are offered. Therefore, individuals who have already retired and those who are about to retire will receive their 'promised plan.' With this strategy, employees with less service years will know to expect changes when they retire.

Open Questions to be Researched

1. Putting aside the raising costs of visiting a doctor, have there been any studies conducted which show an increase in annual doctor visits per individual? In other words, are individuals today visiting the doctor more frequently than approximately 20-30 years ago?

Next Steps

- Continue the Stakeholder Feedback Process
- Post results of each Stakeholder Session on the City's Website
- Incorporate added comments
- Assemble all Feedback Session results into a non-evaluative report of Stakeholder Feedback and ideas for the City Council